



County of Los Angeles CHIEF EXECUTIVE OFFICE

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LOS ANGELES, CALIFORNIA 90012
(213) 974-1101
<http://ceo.lacounty.gov>

WILLIAM T FUJIOKA
Chief Executive Officer

May 6, 2008

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**DEPARTMENT OF PUBLIC SOCIAL SERVICES: RECOMMENDATION TO AWARD
CONTRACT TO HEALTH ADVOCATES, LLC TO PROVIDE SUPPLEMENTAL
SECURITY INCOME APPEALS REPRESENTATION SERVICES FOR GENERAL
RELIEF, CASH ASSISTANCE PROGRAM FOR IMMIGRANTS, AND CALIFORNIA
WORK OPPORTUNITIES AND RESPONSIBILITY TO KIDS PARTICIPANTS
(ALL DISTRICTS AFFECTED) (3 VOTES)**

SUBJECT

Recommendation to award a three-year contract to Health Advocates, LLC to ensure continuance of Supplemental Security Income (SSI) Appeals Representation Services to General Relief (GR), Cash Assistance Program for Immigrants (CAPI), and California Work Opportunities and Responsibility to Kids (CalWORKs) participants in their disability hearings before the Social Security Administration. The current contract with Health Advocates, LLC expires on May 31, 2008.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Find that SSI appeals representation services can be performed more economically by Contractor than by County employees.

Board of Supervisors
GLORIA MOLINA
First District

YVONNE B. BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

2. Approve and instruct the Chair to sign the enclosed Proposition A Contract with Health Advocates, LLC, effective the day after Board approval or June 1, 2008, whichever is later, at a maximum Contract amount of \$5,944,341. The contract is a three-year term to provide SSI appeals representation (Attachment A) services to GR, CAPI, and CalWORKs participants in their disability hearings before the Social Security Administration. The cost associated with services for CAPI participants of \$41,027 annually is financed with 100 percent State funds. The cost associated with services to CalWORKs participants of \$41,027 annually is financed with 100 percent State funds. The cost associated with services for GR participants is financed with 100 percent County funds and results in an estimated Net County Cost (NCC) of \$1,884,393 annually. The agreement also provides for a performance incentive of \$10,000 to \$15,000 per year for exceeding an approval rate of 64.99 percent. Therefore, the contract maximum of \$5,944,341 includes \$45,000 in potential performance incentives for the three-year term of the agreement. Funding for this contract is included in the Fiscal Year (FY) 2008-09 Proposed Budget.
3. Delegate authority to the Director, Department of Public Social Services (DPSS), to prepare and sign contract amendments for any increases or decreases of no more than ten percent of the total contract amount, when the change is required by additional services that are necessary for the Contractor to comply with changes in federal, State, or County requirements. The approval of County Counsel and the Chief Executive Officer (CEO) will be obtained prior to executing such amendments and the Director will notify the CEO in writing within ten business days after execution.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

SSI appeals representation services are currently provided for GR and CAPI participants through a contract with Health Advocates, LLP, which will expire on May 31, 2008. The proposed contract with Health Advocates, LLC will replace that contract and ensure the County continues to provide these services to GR, CAPI, and CalWORKs participants. SSI appeals representation services are needed to assist physically and mentally disabled GR, CAPI, and CalWORKs individuals, in their disability hearings before the Social Security Administration. Participants who are successful in their appeals are approved for SSI and Medi-Cal and are, therefore, terminated from GR/CAPI/CalWORKs, respectively. GR terminations result in savings to the County. CAPI and CalWORKs terminations produce savings to the State.

Implementation of Strategic Plan Goals

The recommendations are consistent with the principles of the Countywide Strategic Plan Goal No. 1 (Service Excellence), by providing the public with easy access to quality information and services, and Goal No. 4 (Fiscal Responsibility), by strengthening the County's fiscal capability.

FISCAL IMPACT/FINANCING

The maximum amount of this contract for the three year period is \$5,944,341. The maximum annual cost of the contract is \$1,981,447, which includes the maximum annual financial incentive of \$15,000 the Contractor is eligible to receive for exceeding the minimum acceptable performance of 64.99 percent as follows:

- If the Contractor's SSI approval rate ranges from 65.00 percent to 69.99 percent, a \$10,000 bonus will apply.
- If the Contractor's SSI approval rate is 70.00 percent or higher, a maximum bonus of \$15,000 will apply.

The share of costs associated with services for CAPI participants of \$41,027 annually is financed with 100 percent State funds. The share of costs associated with services for CalWORKs participants of \$41,027 annually is also financed with 100 percent State funds. The cost associated with services for GR participants is financed with 100 percent County funds and results in an estimated NCC of \$1,884,393 annually. Funding for this contract is included in the FY 2008-09 Proposed Budget.

The contract provides for a fixed unit cost of \$1,142 per SSI approval for the three-year period with no cost-of-living increase. The Contractor will be paid monthly in arrears for each SSI appeal won.

The Proposition A Contract cost analysis for the three-year term of the contract indicates cost savings of \$250,659 (Attachment B). The cost analysis is based on a comparison between the contract cost and County Counsel's estimated avoidable cost to provide appeal representation services. County cost included in the analysis reflects the estimated cost to provide services to GR, CAPI, and CalWORKs participants, based on the volume of referrals and Contractor's current average approval rate of 61.94 percent. The contract cost assumes an approval rate of 61.94 percent. Health Advocates, LLC believes that it will ultimately be able to achieve an approval rate higher than 61.94 percent. To the extent this occurs, this may result in additional savings to the County.

Based on this cost analysis, the Department determined that it would be more economical to provide SSI appeals representation services through a contract, rather than by County employees.

The Auditor-Controller validated the accuracy of the computation of estimated cost savings, subject to the accuracy of the Department's workload estimates and data.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

In 1990, pursuant to the settlement agreement in the City of Los Angeles vs. County of Los Angeles lawsuit, the County agreed to assist participants identified as SSI eligible, due to physical or mental disability, with SSI appeal hearing representation services when SSI is denied at the reconsideration level.

In May 2002, the Department implemented its CAPI SSI Advocacy Program in response to the State's budget crisis.

In October 2003, the Department implemented the CalWORKs SSI Advocacy Program, as part of the expansion of services to time-limited participants or participants who have received 60 months of CalWORKs cash aid. Creation of the program is consistent with Dan Fleming's recommendation in the "Prisoners of Hope" report to provide SSI advocacy to CalWORKs participants.

The County's Proposition A and Living Wage Ordinance provisions apply to this proposed contract, as County employees can perform these contracted services. The Contractor complies with all of the requirements of Los Angeles County Code Section 2.201, Living Wage Program. The Contractor will pay employees no less than the required \$9.64 per hour, with health benefits, as specified in the Living Wage Ordinance.

The contract term will be for three years, commencing June 1, 2008, and will continue through May 31, 2011.

The award of this contract will not result in unauthorized disclosure of confidential information, and will be in full compliance with federal, State and County regulations. This Board letter has been reviewed and the contract has been approved as to form by County Counsel.

The Contractor will not be asked to perform services which will exceed the approved contract amount, scope of work, or contract dates.

The County may terminate the Contract with a thirty day prior written notice. The contract also contains a provision that limits the County's obligation, if the Board of Supervisors does not appropriate funding for each year of the contract.

CONTRACTING PROCESS

SSI Appeals Representation Services to GR, CAPI and CalWORKs was solicited through a competitive process in accordance with Los Angeles County Code Section 2.121 and California Department of Social Services regulations on Purchase of Service, Chapter 23-600. On December 27, 2007, DPSS released a Request for Proposal (RFP) to solicit bids for GR, CAPI, and CalWORKs SSI appeal representation services. Interest in this RFP was generated through advertisements in 13 local newspapers, including publications targeting the minority communities. The RFP was posted on the Office of Small Business and the DPSS websites, and interest letters were mailed to 65 potential proposers, which included the organizations listed on the Department's bidders list who met the criteria outlined in the RFP.

In response to the above-mentioned advertisement efforts, four agencies attended the Proposer's Conference held on January 10, 2008. Of the four agencies, two submitted proposals. An evaluation panel comprised of representatives from the Departments of Mental Health, Health Services, and Public Social Services, and a representative from Public Counsel evaluated the two proposals. Health Advocates, LLC received consistently higher scores in all categories of the evaluation. While Health Advocates, LLC was not the lowest-cost bid, this agency was the highest ranked proposer. In addition, the Health Advocates, LLC proposal offered superior service and was determined to have more corporate qualifications and resources than the competing proposal.

DEBRIEFING

On March 27, 2008, DPSS notified the non-recommended proposer that their agency was not recommended for contract award based on the evaluation of their proposal. In addition, the Department offered to debrief the non-recommended proposer on their proposal evaluations.

The non-recommended proposer is satisfied with the results of the debriefing conducted on April 7, 2008, and has not requested to continue with the protest process.

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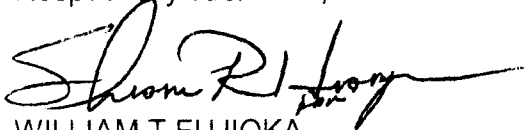
IMPACT ON CURRENT SERVICES

There is no employee impact as a result of this contract, since services are currently provided by contract. The award of this contract will not infringe on the role of the County in relationship to its residents. The County's ability to respond to emergencies will not be impaired. There is no change in risk exposure to the County.

CONCLUSION

Upon Board approval, the Executive Officer, Board of Supervisors, is requested to return one adopted, stamped Board letter, and four original signature copies of the contract to the Director of DPSS.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'William T. Fujioka', with a long horizontal flourish extending to the right.

WILLIAM T FUJIOKA
Chief Executive Officer

WTF:SRH:MS
GP:JB:cvb

Attachments

- c: Executive Officer, Board of Supervisors
- County Counsel
- Department of Public Social Services
- Auditor-Controller
- Office of Affirmative Action and Compliance



CONTRACT

BY AND BETWEEN

COUNTY OF LOS ANGELES

AND

HEALTH ADVOCATES, LLC

FOR

**GENERAL RELIEF (GR), CASH ASSISTANCE PROGRAM FOR
IMMIGRANTS (CAPI), CALIFORNIA WORK OPPORTUNITIES AND
RESPONSIBILITY TO KIDS (CalWORKs)
SUPPLEMENTAL SECURITY INCOME (SSI)
APPEALS REPRESENTATION SERVICES**

**Prepared By
Department of Public Social Services
Bureau of Program and Policy
General Relief and Food Stamp Division
12820 Crossroads Parkway South
City of Industry, California 91746-3411**

**PROPOSITION A CONTRACTING
COMPARISON OR ESTIMATED AVOIDABLE COSTS
TO THE COST OF CONTRACTING SSI APPEALS REPRESENTATION SERVICES
(JUNE 1, 2008 THROUGH MAY 31, 2011)**

COUNTY COSTS

Direct Costs	YEAR 1	YEAR 2	YEAR 3
Salaries.....	\$1,289,000	\$1,315,000	\$1,315,000
Employee Benefits.....	473,000	473,000	482,000
Interpreter Costs.....	40,000	40,000	40,000
Other services and supplies.....	253,000	233,000	233,000
TOTAL	\$2,055,000	\$2,070,000	\$2,070,000
TOTAL THREE-YEAR TERM			\$6,195,000

CONTRACT COSTS

Direct Costs	
Health Advocates, LLC.....	\$5,899,341
Financial incentives for the three-year period.....	\$ 45,000
TOTAL THREE-YEAR TERM	\$5,944,341

THREE-YEAR ESTIMATED COUNTY COST SAVINGS.....\$ 250,659